



## **DENALI PRESS ANNOUNCEMENT**

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### **Denali Discontinues Gas Pipeline Project**

Denali – The Alaska Gas Pipeline announced today that its open season efforts have not resulted in the customer commitments necessary to continue work on its Alaska North Slope gas pipeline project, which has an overall estimated capital cost of \$35 billion (2009 dollars). Denali will withdraw its Federal Energy Regulatory Commission pre-file application and, over the next few months, close out its operations.

“Denali is ending its efforts because of a lack of customer support,” said Bud Fackrell, Denali President. “Denali is a market-driven company. As such, we cannot spend the billions of dollars necessary to advance the project unless we have binding agreements with shippers. Although we have been in discussions with potential shippers for nearly a year and half, we have been unable to secure the financial commitments necessary to advance the project.”

Work to date has been substantial. Denali has conducted extensive stakeholder consultations, set up multiple data rooms with detailed information, submitted comprehensive public filings, and provided access to Denali’s experts to help potential customers evaluate the project. Denali has spent over \$165 million and invested more than 760,000 man-hours in its work effort.

Since Denali began its efforts in 2008, the North American gas market has changed significantly, primarily as a result of the development of shale gas resources. This has created a very difficult environment in which to secure financial commitments from potential customers.

“Although we are disappointed that Denali was not able to secure customer support, we are proud of our achievements,” said Fackrell. “In particular, I want to thank the hundreds of Alaskan and Canadian companies and individuals who have worked on the project as well as the regulatory agencies, government officials, and the many Native Alaskan and Canadian Aboriginal groups who have supported our work effort over the last 3 years. Denali’s work has advanced the project further than at any point in the past and has provided potential shippers an opportunity to evaluate the competitiveness of North Slope natural gas in the North American marketplace.”

Denali - The Alaska Gas Pipeline is owned by subsidiaries of BP and ConocoPhillips.

For additional information, contact Scott Jepsen, VP of Business Services, Denali – The Alaska Gas Pipeline LLC, at 907-865-4706.

